

Message Text

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PAGE 01 MEXICO 05309 172326Z

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ACTION AGR-08

INFO OCT-01 ARA-06 ISO-00 EB-07 L-03 COME-00 /025 W

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R 172240Z JUN 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8325

INFO AMEMBASSY BOGOTA

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PASS USDA FOR SINDELAR

EO 11652: NA

TAGS: ETRD

SUBJECT: MEETING OF COLOMBIAN AND US FLOWER GROUPS

REF STATE 122959

1. REPS OF COLOMBIAN AND US CUT FLOWER GROWERS MET IN MEXICO CITY JUNE 16 TO DISCUSS COMMON INDUSTRY PROBLEMS. PARTICIPANTS INCLUDED GOVERNMENT OBSERVERS (J. STARKEY FROM USDA AND ALBERTO SCHELESENGER FROM THE COLOMBIAN MINISTRY OF DEVELOPMENT).

2. AFTER BRIEFING ON US ANTI TRUST LAWS DISCUSSIONS FOCUSED IN DETAIL ON AGENDA ITEMS WHICH HAD PREVIOUSLY BEEN AGREED BY THE TWO GROUPS (REFTEL). THE TONE OF THE MEETING WAS SET BY RECOGNIZING ON BOTH SIDES THAT THE MARKET FOR CUT FLOWERS IN THE US, PARTICULARLY CARNATIONS, HAD BEEN DEPRESSED FOR MUCH OF THE LAST TWO YEARS RESULTING IN LOSSES FOR GROWERS IN BOTH COUNTRIES. THE EMPHASIS WAS ON THE NEED TO IDENTIFY PROBLEM AREAS AND LOOK FOR SOLUTIONS WHICH WOULD BE MUTUALLY BENEFICIAL AND IN ACCORD WITH RELEVANT US AND COLOMBIAN LAWS. A GENERAL CONSENSUS EMERGED AFTER EXTENSIVE DISCUSSIONS THAT TWO AREAS WHICH REQUIRED FURTHER STUDY WERE THE NEED FOR TRADE PROMOTION TO DEVELOP AND EXPAND MARKETS FOR CUT FLOWERS IN THE US AND WHETHER SOME FORM OF MARKET DISCIPLINE TO INSURE

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PAGE 02 MEXICO 05309 172326Z

ORDERLY MARKETING OF CUT FLOWERS IN THE US WOULD BE DESIREABLE.

IT WAS AGREED THAT A WORKING COMMITTEE CONSISTING OF TWO OR THREE REPS FROM EACH SIDE WOULD MEET ON JULY 24 IN ORLANDO TO EXPLORE THESE QUESTIONS FURTHER.

3. REGARDING LATTER POINT THE US SIDE INDICATED THAT EFFORTS WERE UNDERWAY TO DEVELOP A MARKETING ORDER FOR CARNATIONS AND POINTED OUT THAT IF SUCH AN ORDER WERE IMPLEMENTED DOMESTIC MARKETINGS AS WELL AS IMPORTS WOULD BE REGULATED ACCORDING TO THE TERMS AND CONDITIONS OF THE ORDER. THIS MIGHT BE DONE IN A NUMBER OF WAYS INCLUDING THROUGH A SECTION 204 VOLUNTARY EXPORT RESTRAINT AGREEMENT. THE COLOMBIANS INDICATED THE NEED FOR CONSIDERABLE STUDY OF THIS QUESTION BUT STATED THAT THEY WERE NOT OPPOSED IN PRINCIPLE TO SUCH A SOLUTION IF IT ALSO INVOLVED EXERCISE OF SUPPLY DISCIPLINE BY US GROWERS. IT WAS EMPHASIZED THAT EVEN IF THE TWO PRODUCER GROUPS DECIDED SUCH ACTION WOULD BE DESIRABLE, APPROVAL BY US AND COLOMBIAN GOVERNMENTS WOULD BE NECESSARY AND THE AGREEMENT WOULD HAVE TO BE NEGOTIATED ON A GOVT TO GOVT BASIS.

4. COMMENT: THIS MEETING REPRESENTS AN IMPORTANT FIRST STEP IN INCREASING UNDERSTANDING BETWEEN THE TWO SIDES AND DEMONSTRATES WILLINGNESS TO WORK COOPERATIVELY IN SEEKING MUTUALLY BENEFICIAL SOLUTIONS TO A COMMON PROBLEM. THE COLOMBIAN GROWERS HAD OBVIOUSLY BEEN HURT BY THE DEPRESSED US MARKET AND WERE SERIOUSLY CONCERNED OVER MOVES THE US INDUSTRY TO GAIN SUPPORT FOR IMPOSITION OF HIGHERS DUTIES OR QUOTAS ON CUT FLOWER IMPORTS. THIS IS REFLECTED BY THE FACT THAT THE COLOMBIANS DID NOT REJECT THE POSSIBILITY OF PARTICIPATION IN A VOLUNTARY RESTRAINT AGREEMENT IF FURTHER STUDY OF THE MARKET SITUATION REVEALED THAT SUCH ACTION WAS APPROPRIATE AND DESIRABLE. BOTH SIDES AGREED THAT TRADE PROMOTION WAS DESIRABLE AND COULD BE A SIGNIFICANT FACTOR OVER THE LONGER TERM.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRIBUSINESS, TRADE PROMOTION, MEETINGS, PLANTS (FLORA)
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MEXICO05309
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750211-0586
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750643/aaaabmxm.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 122959
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by ShawDG>; APPROVED <17 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING OF COLOMBIAN AND US FLOWER GROUPS
TAGS: ETRD, EPAP, CO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006